

Appendix K-4

62003

Young Fashions: Evaluation of Activity-Level Controls—Wholesale Sales

This appendix is nonauthoritative and is included for informational purposes only.

Observations and Suggestions

You should document your understanding of the controls relevant to the audit, including

- an evaluation of whether the design of the control, individually or in combination, is capable of effectively preventing or detecting and correcting material misstatements.
- a determination of whether the control exists and the entity is using it.
- the risk assessment and other procedures you performed to gather information about internal control and the source of this information. In this example, the auditor has performed a walkthrough of a portion of the sales cycle.

As described in paragraph 3.95 of this guide, you are not required to obtain an understanding of all the information processing and activity-level controls related to each class of transactions, account balances, and disclosures in the financial statements or to every relevant assertion. Rather, your understanding of activity-level controls should be focused on significant transactions and material accounts and disclosures, that is, where you consider that material misstatements are more likely to occur.

Additionally, auditor documentation of his or her understanding of entity controls may be less than the level of documentation maintained by the entity to document its processes, procedures, and controls. Auditor documentation only needs to be sufficiently robust to assess the effectiveness of the controls and to serve as a basis for determining that they are in operation and for measuring changes in those controls over time.

This form is designed to achieve the three documentation objectives for *activity-level controls only*. Appendixes K-2 and K-3 provide illustrative examples of the documentation of your understanding of entity-level controls, including IT general controls. Further, this example is limited to one significant transaction and the related account balance for wholesale sales transactions. Separate documentation would be required for other significant transactions and material accounts and disclosures related to this client.

Many transaction-based controls such as those described here are evaluated under the COSO framework as part of principle 12. The points of focus related to this principle are that the entity

- establishes policies and procedures to support deployment of management's directives
- establishes responsibility and accountability for executing policies and procedures
- performs activities in a timely manner
- takes corrective action
- uses competent personnel
- reassesses policies and procedures

In addition, principle 10 addresses the necessity for and design of controls that flow from the risks that were assessed.

Points of focus associated with principle 10 include

- integrates with risk assessment.
- considers entity-specific facts.
- determines relevant business processes.

- evaluates the mix of control activity types.
- considers the level the activities are applied.
- assesses the segregation of duties.

Thus, many of the transaction-based control assessments may involve two principles. As a result, it may be efficient to revise audit documentation accordingly.

The example form that follows is divided into three parts:

- Part I is a series of walkthroughs that the auditor performed to confirm internal control design for revenue transactions. This part is designed to gather information. As a matter of audit efficiency, you may wish to make inquiries about the risks of fraud [as required by AU-C section 240, *Consideration of Fraud in a Financial Statement Audit* (AICPA, *Professional Standards*)] when performing walkthroughs.
- Part II of the form is the auditor's analysis of the information gathered in part one. This analysis is necessary to compare identified controls to stated control objectives and determine whether the design of those controls is effective.
- Part III of the form is a summary of identified control deficiencies and risks of material misstatement. These deficiencies and risks will be carried forward to appendix K-5 for further assessment.

All information that appears in this font style illustrates information completed by the auditor.

Instructions for Preparation

This form documents the understanding of activity-level controls, including

- an evaluation of whether the design of the control, individually or in combination, is capable of effectively preventing or detecting and correcting material misstatements.
- a conclusion of whether the control exists and entity personnel are using it.
- the risk assessment and other procedures performed to gather information about internal control and the source of this information.

A separate form may be completed for each related group of significant transactions or material account or disclosure. For example, documentation about the purchasing cycle would include information about the accounts payable balance, and the preparation of this form would document your understanding of both the transaction and the account. A separate form would be prepared to document your understanding of, for example, revenue recognition.

Instructions for Completing the Form

Part I — Understanding of Information Processing and Control Design

Your documentation should include

- how significant transactions are initiated, authorized, recorded, processed, and reported and the related accounting records, supporting information, and specific accounts.
- the process of reconciling the detail to the general ledger for significant accounts.
- if information technology is used to process transactions, how the incorrect processing of transactions is resolved.
- if applicable, control activities relating to authorization, segregation of duties, safeguarding of assets, and asset accountability.
- specific controls designed to mitigate specific inherent risks or risks of fraud.

- relevant control activities, to the extent not already documented.

Revenue Recognition

If the class of transactions is related to revenue recognition, complete the checklist fn 1 for Understanding the Design of Revenue Recognition Processes and Controls.

Part II — Evaluation of Control Design

Complete the matrix, "Evaluation of Control Design"; document your evaluation; and describe the control deficiencies, if any, identified in your evaluation.

Part III — Summary of Control Deficiencies and Risks of Material Misstatement

Your evaluation of the design of activity-level controls may lead you to identify control deficiencies or risks of material misstatement. These deficiencies and misstatements, if any, may be summarized in this section so they may be cross-referenced to the working paper that describes your audit response.

Part I — Understanding of Information Processing and Control Design

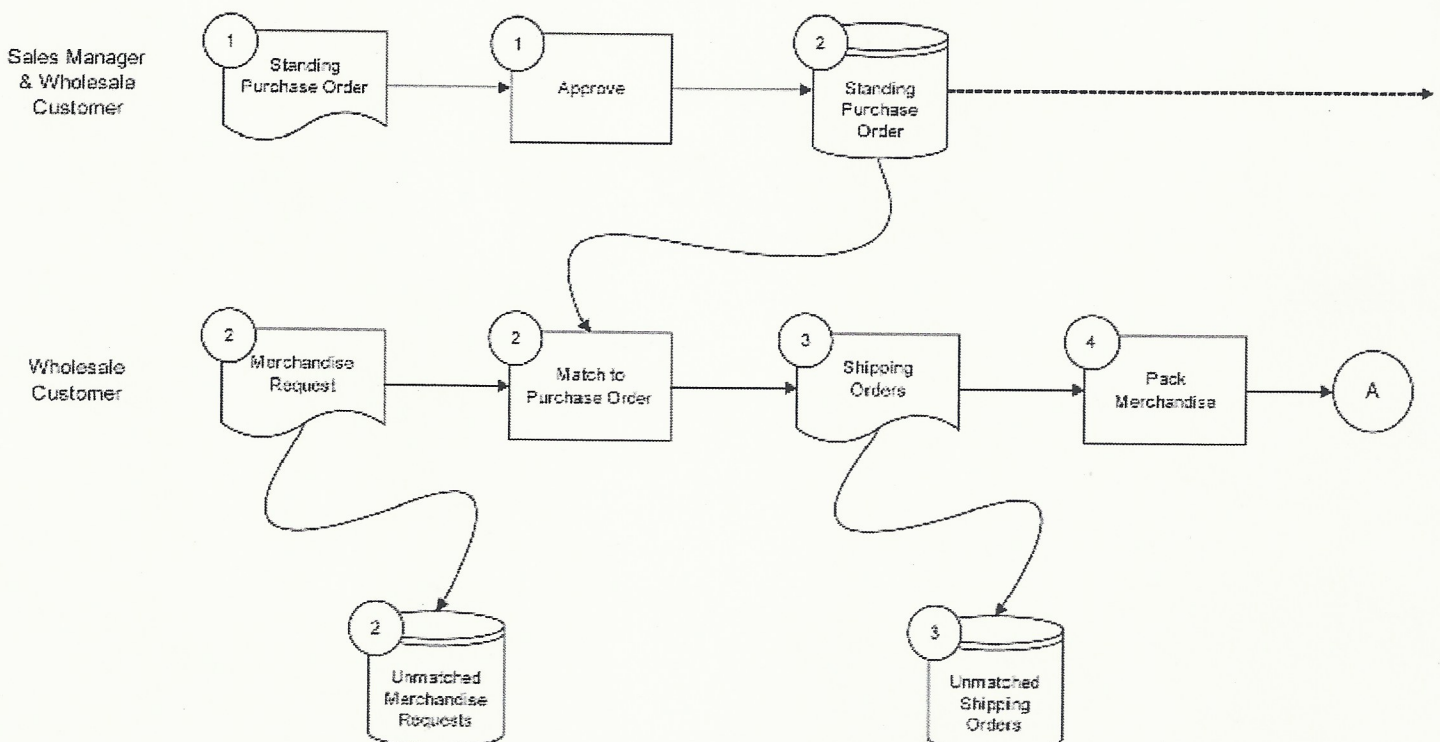
The following pages in this section document our understanding of the processes fn 2 and controls for sales to wholesale customers for both J Couture and JY Sport. This documentation includes sales only, and does not consider the processes related to cash receipts, inventory relief, or credit adjustments, which are documented in working papers XX-X, XX-X, and XX-X respectively [not included].

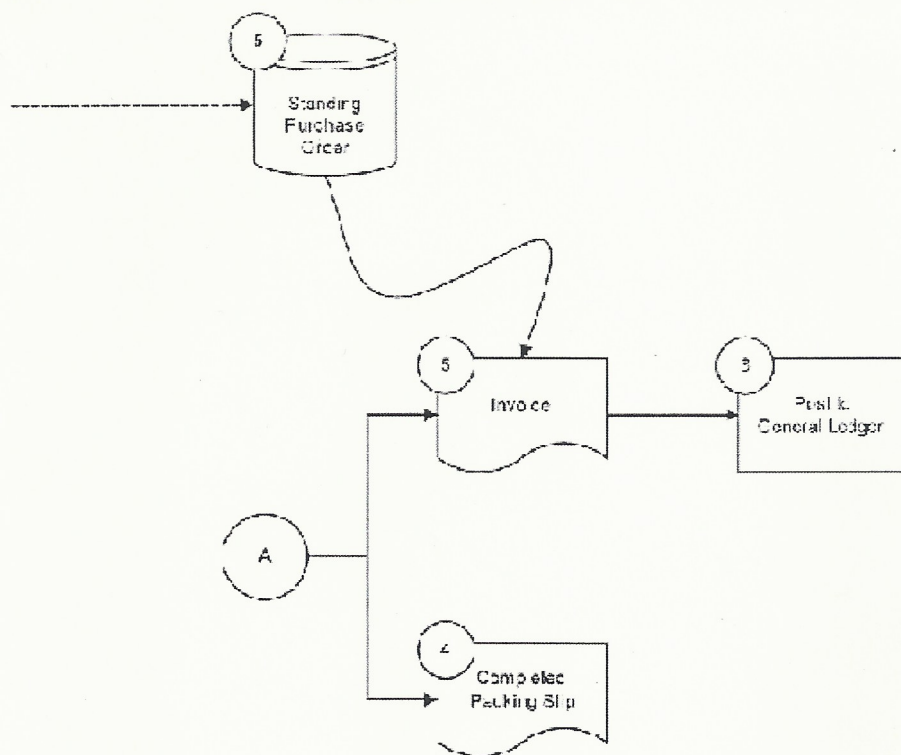
The flowchart on the next two pages documents our overall understanding of the processes. **The numbered circles in the diagram are cross-references to the walkthrough worksheets.**

The walkthrough worksheets that follow describe our understanding of the processes and procedures that have been implemented. They also describe the walkthrough auditing procedures we performed.

Overview of Wholesale Sales

(Numbered circles are cross-references to the walkthrough worksheets that follow.)





Understanding of Sales Transactions

Observations and Suggestions

As described in paragraph 4.09 of this guide, it is important for you to obtain an understanding of matters relating to sales transactions that may affect your client's revenue recognition. This worksheet documents the auditor's understanding and analysis of those matters.

<i>Matters Potentially Affecting Revenue Recognition</i>	<i>Understanding</i>	<i>Comments</i>
Products and services sold	<i>Men's and women's apparel and furnishing. There are two separate lines: J Couture and JY Sport.</i>	<i>See working paper XX-XX [appendix K-1] for additional comments relating to product lines.</i>
Customers	<i>Large department stores and some specialty shops. J Couture sells primarily to high-end stores and specialty shops. JY Sport sells to other department stores. Most customers are strong financially, and bad debts have not been a problem. See markdown issue that follows.</i>	<i>See working paper XX-XX [appendix K-1] for additional comments relating to customers.</i>
	<i>The company also has a chain of retail stores that sell to the end consumer. These customers usually pay with bank cards and bad debts are rare.</i>	<i>See XXX for procedures at the retail stores.</i>

<i>Matters Potentially Affecting Revenue Recognition</i>	<i>Understanding</i>	<i>Comments</i>
Seasonal or cyclical variations in revenue	<i>Significant sales (approximately 35% of total annual sales) are recognized during Q4 due to retailers stocking for holiday sales they expect to make during the month of December.</i>	<i>There are two selling seasons, spring/summer (generally begins in February) and fall/winter (generally beginning in August). Except for Q4 (holiday sales) revenue generally is greatest in the month after season begins (as customers place their orders) and slowly decreases over the rest of the season.</i>
Marketing and sales policies	<i>Marketing to retail stores is done through commissioned sales personnel, who meet regularly with customers. The company uses standard sales contracts, but pricing and other key terms are negotiated on a client-by-client basis.</i>	<i>See walkthrough worksheet #1 for additional comments on wholesale sales.</i>
	<i>To expand sales of J Couture line, the company has launched an image marketing campaign aimed at consumers who meet the targeted demographic for the product line.</i>	<i>See working paper XX-XX [appendix K-1] for additional comments relating to expansion of J Couture and related marketing.</i>
Policies relating to pricing, sales returns, extension of credit, delivery and payment terms	<i>Pricing and payment terms are negotiated on a customer-by-customer basis.</i> <i>The company compensates its customers for a portion of the price markdowns the department stores incur in order to move slow moving inventory.</i>	<i>See working paper XX-XX [appendix K-1] for additional comments relating to pricing and sales concessions.</i>
Assistance provided to distributors	<i>See above for assistance provided to customers for slow moving inventory.</i>	
Marketing and sales personnel involved with processes affecting revenue recognition, including order entry, extension of credit, and shipping	<i>Order entry is done online by the customer.</i>	<i>See walkthrough worksheet #1.</i>
	<i>Operations CEO approves orders and extension of credit.</i>	<i>See walkthrough worksheet #1.</i>
	<i>Shipping is performed by warehouse personnel, based on standard shipping terms.</i>	<i>See walkthrough worksheet #4.</i>
Compensation arrangements that depend on the recording of revenues	<i>Sales personnel compensations are almost entirely a commission based on sales. Salespeople complain when they do not receive commissions for sales that should have been billed. Thus, completeness of sales/receivables is not a significant issue, but occurrence/existence might be.</i>	<i>See working paper XX-XX [appendix K-1] for additional comments relating to sales commissions.</i>

<i>Matters Potentially Affecting Revenue Recognition</i>	<i>Understanding</i>	<i>Comments</i>
Accounting principles	<i>Revenue is recognized at shipment, which is when title to the goods passes.</i> <i>Revenue is recorded net of returns, discounts, end-of-season markdowns, and operational chargebacks.</i> <i>Estimates for end-of-season markdown allowances are based on historic trends, markdowns allowed after year end, correspondence with customers, seasonal results, an evaluation of market conditions, and retailer performance.</i> <i>Retailers sometimes overstate their markdowns to Young and then negotiate strongly.</i>	<i>This information is per the company's most recent financial statements and is consistent with industry practices.</i>

*Young Fashions
Wholesale Sales
Walkthrough Worksheet #1*

Prepared by: *BT* Date Prepared: *8/15/X4*

The following documents the procedures performed, information gathered, and conclusions reached relating to walkthroughs of major transactions.

Planning

Person(s) we interviewed

*Barry Gregg, Sales Manager
Jane Young Ching, co-CEO*

Date of interview *8/15/X4*

Accounts and assertions affected: Sales occurrence, accuracy; receivables existence, and valuation

Description of transaction discussed *Initiation of standing purchase orders*

Processing step(s) we discussed:

X Initiation of transaction

___ Transaction recording

___ Transaction processing steps

X Authorization of transaction

___ How the incorrect processing of transactions is resolved

___ Process for reconciling detail to the general ledger

Brief description of the company's prescribed processes and controls for the previously mentioned step(s)

<i>Process</i>	<i>Control No.</i>	<i>Control Description</i>	<i>Relevant Accounts and Assertions</i>
<i>The Sales Manager (Gregg) is responsible for negotiating terms with wholesale customers and documenting these in the standing purchase order. The standing purchase order describes the quantities and terms of the items that may be ordered by the customer without further approval.</i>	<i>1-Con-a</i>	<i>The Operations CEO (Ching) reviews and approves the terms.</i>	<i>Sales Accuracy</i>
	<i>1-Con-b</i>	<i>The company uses standard purchase order contracts. Any changes to these standard contracts must be approved by in-house counsel in advance.</i>	<i>Sales Accuracy</i>
<i>The accounting department enters approved contracts into the system.</i>	<i>1-Con-c</i>	<i>Edit checks help prevent the input of incorrect information. See control 2-CD-3 (walkthrough worksheet #2) for additional controls that would identify and then correct errors in the standard purchase order file.</i>	<i>Accuracy</i>

Identification and Resolution of Processing Errors

Describe how processing errors are identified and resolved.

Errors in the terms of the transaction (for example, credit limits or shipping terms) are identified by Operations CEO as part of her review. These errors are corrected before the standing purchase order is signed (1-Con-a). The IT system performs edit checks to ensure that information such as customer number, shipping address, and billing terms are correct or within an acceptable range. Any errors of this nature must be corrected before processing can continue. (1-Con-c)

Segregation of duties. Assess the adequacy of the segregation of duties for the prescribed processes and controls, as described. If segregation of duties is not adequate, describe compensating controls.

<i>Control No.</i>	<i>Control Description</i>	<i>Assertions</i>
<i>1-Con-d</i>	<i>Segregation is adequate. The sales manager initiates the transaction, which is then approved by operations CEO.</i>	<i>All</i>

Safeguarding of assets. Assess the adequacy of the safeguarding of the assets related to this transaction, if applicable. If safeguarding controls are not adequate, describe compensating controls.

<i>Control No.</i>	<i>Control Description</i>	<i>Assertions</i>
	<i>Not applicable</i>	

Asset accountability. Describe the process and related controls for establishing the accountability for the assets related to this transaction, if applicable. If these controls are not adequate, describe compensating controls.

<i>Control No.</i>	<i>Control Description</i>	<i>Assertions</i>
	<i>Not applicable</i>	

Procedures Performed and Results

We performed the following procedures, as indicated, to corroborate the responses to our inquiries.

<i>Procedure</i>		<i>Audit Procedure Performed?</i>		<i>Comments</i>
<i>Control No.</i>	<i>Description</i>	<i>Yes</i>	<i>No</i>	
Pro-a	Reviewed original documents	X		<i>We reviewed standing X4 purchase orders for Bernards, Mandelbaum's, Sonia's Boutique, and Mortons, for which the terms had been modified from the standard contract. For the Morton's X4 purchase order, we reviewed an e-mail message dated 11/21/X3 from in-house counsel to Barry Gregg, sales manager, approving the change.</i>
Pro-b	Made observations	X		<i>Gregg, sales manager demonstrated how purchase order information is entered into the system, and we observed the operation of the computer edit checks of purchase order input, including customer field, customer number, date, quantity, and price.</i>
Pro-c	Made inquiries of others	X		<i>On 8/18/X4 we spoke with James Gregory, in-house counsel, who confirmed that he reviews variations from standard contract terms. We also asked about the types of variations he has approved during the year and how these are communicated to accounting.</i> <i>As a result of that inquiry, we identified several transactions for which the nonstandard rights of return may pose revenue recognition issues. See part III, "Summary of Identified Risks of Material Misstatement," for reference to audit response.</i> <i>On 8/24, we made inquiries of Robert Haner, IT Director, about the edit checks programmed into the IT system. We observed that he set the parameters for these checks using his systems administrator access privileges. We noted, however, that he or anyone else could change the terms using these privileges. Also, before 9/30 anyone could change the terms since logical access controls were ineffective.</i>
Pro-d	Performed other procedures		X	

Observations and Suggestions

- There are several different ways to perform an effective walkthrough. In this example, the auditor conducted inquiries and performed other procedures at each significant processing step, rather than tracing a single transaction through the system. When performing a walkthrough in this manner, you would take steps to ensure that the information controls are in place to ensure that the information that is transferred between processing steps remains complete and accurate.
- The auditor's procedures were not limited to inquiries of a single individual but include multiple procedures to determine that controls have been implemented.

- The auditor frequently expands inquiries to include questions about the types of errors typically encountered and other follow-up questions. In this walkthrough, these expanded inquiries resulted in the auditor identifying high risk transactions (sales involving nonstandard rights of return) for further audit consideration. In other walkthroughs the auditor might identify control deficiencies through these expanded questions. It helps to investigate not only what the client does to perform the control procedure, but also what they have found during the period as a result of performing the procedure.
- In walkthrough 6, the auditor may make inquiries about the reliability of the information used by management to monitor internal controls. Establishing the reliability of this information is important, as discussed in paragraph 2.104 of this guide.

Young Fashions
Wholesale Sales
Walkthrough Worksheet #2

Prepared by: *BT* Date Prepared: *8/17/X4*

The following documents the procedures performed, information gathered, and conclusions reached relating to walkthroughs of major transactions.

Planning

Person(s) we interviewed

Barry Gregg, Sales Manager
Jane Young Ching, co-CEO
Robert Haner, IT Director

Date of interview *8/15/X4*

Description of transaction discussed *Receipt of merchandise request from wholesale customer*

Processing step(s) we discussed:

☒ Initiation of transaction

☒ Transaction recording

☐ Transaction processing steps

☐ Authorization of transaction

☒ How the incorrect processing of transactions is resolved

☐ Process for reconciling detail to the general ledger

Brief description of the company's prescribed processes and controls for the previously mentioned step(s)

<i>Process</i>	<i>Control No.</i>	<i>Control Description</i>	<i>Relevant Assertions</i>
<i>When a wholesale customer wants to initiate a purchase, the customer sends an electronic merchandise request to the sales manager.</i>	<i>2-Con-a</i>	<i>The sales manager reviews the request for obvious errors or unusual terms. If nothing unusual is noted, the sales manager electronically approves the order and releases it for further processing, which includes the generation and sending of an order confirmation to the customer.</i>	<i>Accuracy</i>

<i>Process</i>	<i>Control No.</i>	<i>Control Description</i>	<i>Relevant Assertions</i>
	2-Con-b	Unapproved merchandise requests remain in a suspense account until approval or rejection.	Accuracy
The terms of merchandise requests released for processing are automatically compared to the standing purchase orders.	2-Con-c	Errors in the terms of the transaction (for example, price) and transactions that exceed established limits are posted to the suspense account for unapproved orders.	Accuracy
	2-Con-d	The sales manager reviews the suspense account periodically and follows up on all unapproved merchandise requests.	Accuracy
	2-Con-e	Quarterly, co-CEO receives a report of all unapproved sales orders in suspense, and contacts sales manager to follow up on a timely basis.	Accuracy

Identification and Resolution of Processing Errors

Describe how processing errors are identified and resolved.

Identified by sales manager or IT system and placed into suspense account for follow up. See comments previously mentioned.

Segregation of duties. Assess the adequacy of the segregation of duties for the prescribed processes and controls, as described. If segregation of duties is not adequate, describe compensating controls.

<i>Control No.</i>	<i>Control Description</i>	<i>Assertions</i>
2-Con-f	Segregation is adequate, as most controls are performed by IT system. CEO monitors manual follow up of suspense items that are cleared by sales manager.	All

Safeguarding of assets. Assess the adequacy of the safeguarding of the assets related to this transaction, if applicable. If safeguarding controls are not adequate, describe compensating controls.

<i>Control No.</i>	<i>Control Description</i>	<i>Assertions</i>
	Not applicable	

Asset accountability. Describe the process and related controls for establishing the accountability for the assets related to this transaction, if applicable. If these controls are not adequate, describe compensating controls.

<i>Control No.</i>	<i>Control Description</i>	<i>Assertions</i>
	Not applicable	

Procedures Performed and Results

We performed the following procedures, as indicated, to corroborate the responses to our inquiries.

<i>Procedure</i>	<i>Audit Procedure Performed?</i>

Control No.	Description	Audit Procedure Performed?	Comments
Pro-a	Reviewed original documents	☒	This transaction is initiated electronically. No hard copy documents are available for review. Reviewed electronic files (see below).
Pro-b	Made observations	☒	Sales Manager, Gregg, showed us electronic merchandise requests from Daniel Fleischer, Newman-MacLachlin, and Harold's Fine Furnishings that he received on 8/16/X3. He demonstrated how he reviewed these and then released them for further processing. He demonstrated that he could not make changes to the customer-initiated merchandise request.
Pro-c	Made inquiries of others	☒	We discussed with the co-CEO her role in reviewing the suspense file.
Pro-d	Performed other procedures	☒	We asked Gregg about the typical circumstances that would result in an order being placed in suspense. The most common reason is that the company has stocked out of the item requested and it is on back order. The other main reason is that the terms of the standing purchase order must be changed (for example, due to renegotiated terms). Only Ching (Operations CEO) can make changes to purchase orders in the standing purchasing file, and sometimes there is a delay of several days. If the customer places an order under the new, renegotiated terms, the system will post the order to the suspense account. We reviewed a printout of the suspense file on 8/31 and discussed it with Gregg. He showed us how the file was consistent with the previously mentioned explanations. We also reviewed a history of suspense items for the year and found no unusual items or exceptions.

Young Fashions
Wholesale Sales
Walkthrough Worksheet #3

Prepared by: mtn Date Prepared: 1/06/X5

The following documents the procedures performed, information gathered, and conclusions reached relating to walkthroughs of major transactions.

Planning

Person(s) we interviewed

Harrison Hargrove, Distribution Director
Junior Tatupu, Warehouse Manager, San Diego
TJ Gordon, Warehouse Manager, Philadelphia

Date of interview

8/23/X4 (Hargrove)
12/28/X4 (Tatupu and Gordon)

Description of transaction discussed *Preparation of shipping orders*

Processing step(s) we discussed:

___ Initiation of transaction

- ___ Transaction recording
- X** Transaction processing steps
- ___ Authorization of transaction
- X** How the incorrect processing of transactions is resolved
- ___ Process for reconciling detail to the general ledger

Brief description of the company's prescribed processes and controls for the previously mentioned step(s)

Process	Control No.	Control Description	Relevant Assertions
Once the merchandise request is matched to a standing purchase order, the IT system generates a shipping order, which is sent electronically to the appropriate warehouse.	3-Con-a	Sequential shipping orders are assigned and subsequently accounted for. Also see working paper XX-XX for description of IT general and application controls related to the generation of shipping orders.	Completeness
After the warehouse receives the shipping order, they print a hard copy, and the goods are picked, counted, packed, and shipped.	3-Con-b	Unfulfilled shipping orders remain in a suspense account. Usually, these items relate to goods that the inventory system showed as being on-hand but were unable to be located. Once the right goods are received, the items are shipped. Periodically, the warehouse manager investigates and resolves items in suspense account.	Completeness
The system automatically logs the shipment and sends a shipping conformation to the customer.	3-Con-c	See working paper XX-xx for discussion of IT general controls related to the generation of the shipping log.	Occurrence Completeness

Identification and Resolution of Processing Errors

Describe how processing errors are identified and resolved.

Unprocessed items are posted to a suspense file and subsequently cleared.

Control No.	Control Description	Assertions
3-Con-d	Segregation is adequate. Warehouse personnel are included only in picking and packing items. IT system prepares shipping orders.	All

Safeguarding of assets. Assess the adequacy of the safeguarding of the assets related to this transaction, if applicable. If safeguarding controls are not adequate, describe compensating controls.

Control No.	Control Description	Assertions
	See working paper XX-X for description of safeguard controls over inventory. [not included]	

Asset accountability. Describe the process and related controls for establishing the accountability for the assets related to this transaction, if applicable. If these controls are not adequate, describe compensating controls.

Control No.	Control Description	Assertions
	<i>Not applicable</i>	

Procedures Performed and Results

We performed the following procedures, as indicated, to corroborate the responses to our inquiries.

All procedures were performed in conjunction with annual physical inventory count, which was performed on 12/31/X4 at both warehouses. Procedures described here were performed on 12/30, the day before warehouse activity ceased for the physical count.

Procedure		Audit Procedure Performed?		Comments
Control No.	Description	Yes	No	
Pro-a	Reviewed original documents	X		<i>Reviewed hard copies of shipping orders 15596 – 15604 printed by warehouse.</i>
Pro-b	Made observations	X		
Pro-c	Made inquiries of others	X		<i>On 12/30/X4, we made inquiries of Bret Jensen, sales person, and Barry Gregg, sales manager about problems reported by customers relating to delayed or incorrect shipments. They both indicated that these instances were rare and almost always related to items on back order (see walkthrough #2).</i>
Pro-d	Performed other procedures	X		<i>Warehouse managers (Tatupu and Gordon) displayed unmatched shipping orders in suspense accounts. These were for orders placed by Grosvenor's and Ford and Mialer. Tatupu and Gordon described the procedures they typically follow to investigate these items and ensure that orders are filled.</i>

Summary of Identified Risks of Material Misstatement

As a result of the procedures performed as described in this worksheet, we identified the following *risks of material misstatement*.

Ref.	Description of Risk	Assertions	Response to Risk
	<i>None</i>		

*Young Fashions
Wholesale Sales
Walkthrough Worksheet #4*

Prepared by: *mtn* Date Prepared: *1/06/X5*

The following documents the procedures performed, information gathered, and conclusions reached relating to walkthroughs of major transactions.

Planning

Person(s) we interviewed

Harrison Hargrove, Distribution Director
 Junior Tatupu, Warehouse Manager, San Diego
 TJ Gordon, Warehouse Manager, Philadelphia

Date of interview

8/23/X4 (Hargrove)

12/28/X4 (Tatupu and Gordon)

Description of transaction discussed *Packing of merchandise and preparation of packing slip*

Processing step(s) we discussed:

☐ Initiation of transaction

☐ Transaction recording

☒ Transaction processing steps

☐ Authorization of transaction

☐ How the incorrect processing of transactions is resolved

☐ Process for reconciling detail to the general ledger

Brief description of the company's prescribed processes and controls for the previously mentioned step(s)

<i>Process</i>	<i>Control No.</i>	<i>Control Description</i>	<i>Relevant Assertions</i>
Once the shipment is packed, warehouse personnel use the shipping orders to note any differences between what was ordered and what was actually shipped. The warehouse supervisor then enters actual shipping information (including any changes from original shipping orders) into the system.	4-Con-a	The warehouse supervisor reviews the shipping orders and makes inquiries about any shipments that were not able to be filled in their entirety.	Accuracy
The system automatically generates the packing slip included in the shipment to customers and dates the shipments. The system generates an e-mail message to the customer confirming the shipment.	4-Con-b	See working paper XX-XX for discussion of IT general and application controls related to shipping and order fulfillment.	Occurrence Accuracy

Identification and Resolution of Processing Errors

Describe how processing errors are identified and resolved.

N/A

Segregation of duties. Assess the adequacy of the segregation of duties for the prescribed processes and controls, as described. If segregation of duties is not adequate, describe compensating controls.

<i>Control No.</i>	<i>Control Description</i>	<i>Assertions</i>
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4-Con-c	Segregation of duties may be circumvented at times. Warehouse supervisor has the responsibility for preparing packing slips, but per discussion with employees, sometimes the individual who packed the items will enter the information needed to prepare the packing.	Accuracy Occurrence
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Safeguarding of assets. Assess the adequacy of the safeguarding of the assets related to this transaction, if applicable. If safeguarding controls are not adequate, describe compensating controls.

Control No.	Control Description	Assertions
	See working paper XX-X for description of safeguarding controls over inventory. [not included]	

Asset accountability. Describe the process and related controls for establishing the accountability for the assets related to this transaction, if applicable. If these controls are not adequate, describe compensating controls.

Control No.	Control Description	Assertions
	Not applicable	

Procedures Performed and Results

We performed the following procedures, as indicated, to corroborate the responses to our inquiries.

Procedure		Audit Procedure Performed?		Comments
Control No.	Description	Yes	No	
Pro-a	Reviewed original documents	X		On 12/30/X4, we reviewed a marked-up sample of shipping orders used by warehouse personnel to prepare shipments. The shipping orders reviewed were numbers 15679, 15680, and 15682. Note: order 15681 was unfilled and we noted it in the suspense account.
Pro-b	Made observations	X		On 12/30/X4, prior to shutting down the warehouse for the physical count we observed warehouse personnel using shipping orders to prepare shipments. We noted that personnel compared items picked to those listed on the printed shipping orders.
Pro-c	Made inquiries of others	X		See walkthrough #3 for description of inquiries made of Jensen and Gregg.
Pro-d	Performed other procedures		X	

Young Fashions
Wholesale Sales
Walkthrough Step #5

Prepared by: mtn Date Prepared: 1/06/X5

The following documents the procedures performed, information gathered, and conclusions reached relating to walkthroughs of major transactions.

Planning

Person(s) we interviewed

Harrison Hargrove, Distribution Director
Junior Tatupu, Warehouse Manager, San Diego
TJ Gordon, Warehouse Manager, Philadelphia

Date of interview

8/23/X4 (Hargrove)
12/28/X4 (Tatupu and Gordon)

Description of transaction discussed *Preparation of sales invoices to wholesale customers*

Processing step(s) we discussed:

- ☐ Initiation of transaction
- ☐ Transaction recording
- ☒ Transaction processing steps
- ☐ Authorization of transaction
- ☐ How the incorrect processing of transactions is resolved
- ☐ Process for reconciling detail to the general ledger

Brief description of the company's prescribed processes and controls for the previously mentioned step(s)

<i>Process</i>	<i>Control No.</i>	<i>Control Description</i>	<i>Relevant Assertions</i>
<i>All controls relating to the preparation of invoices are information technology controls. The computer multiplies the quantities shipped per the packing slip by the prices to be charged per the standing purchase order. The system then generates an invoice that is sent to customers.</i>		<i>See working paper XX-XX for discussion of IT general controls related to billing.</i>	<i>Accuracy Occurrence Completeness</i>
	<i>5-Con-a</i>	<i>Errors in billing are reported by customers to and investigated by accounting department personnel.</i>	<i>Accuracy Occurrence Completeness</i>
	<i>5-Con-b</i>	<i>At the end of the season, customers submit billing corrections (chargebacks). Material items are reviewed and investigated by accounting personnel and sales rep.</i>	<i>Accuracy Occurrence Completeness</i>
	<i>5-Con-c</i>	<i>IT director also may identify billing errors related to incorrect pricing in standing purchase order file. All errors identified in this fashion are reported to accounting.</i>	<i>Accuracy Occurrence Completeness</i>

Identification and Resolution of Processing Errors

Describe how processing errors are identified and resolved.

See table previously mentioned.

Segregation of duties. Assess the adequacy of the segregation of duties for the prescribed processes and controls, as described. If segregation of duties is not adequate, describe compensating controls.

Control No.	Control Description	Assertions
	<i>Segregation is not adequate, as most controls are IT controls. The IT manager has complete control of the IT system. In addition, the access and security controls were inadequate for the first nine months of the year.</i>	

Safeguarding of assets. Assess the adequacy of the safeguarding of the assets related to this transaction, if applicable. If safeguarding controls are not adequate, describe compensating controls.

Control No.	Control Description	Assertions
	<i>Not applicable</i>	

Asset accountability. Describe the process and related controls for establishing the accountability for the assets related to this transaction, if applicable. If these controls are not adequate, describe compensating controls.

Control No.	Control Description	Assertions
	<i>Not applicable</i>	

Procedures Performed and Results

We performed the following procedures, as indicated, to corroborate the responses to our inquiries.

Procedure		Audit Procedure Performed?		Comments
Control No.	Description	Yes	No	
Pro-a	Reviewed original documents	X		<i>Reviewed copies of August 15 invoices sent to: Bernard's Mandelbaum's, Harold's Fine Furnishings, and Sonia's and compared with shipping information and standard price.</i>
Pro-b	Made observations		X	

<i>Procedure</i>		<i>Audit Procedure Performed?</i>		<i>Comments</i>
<i>Control No.</i>	<i>Description</i>	<i>Yes</i>	<i>No</i>	
Pro-c	Made inquiries of others	X		On 10/05/X4 we spoke to Jenny Hershberger, accounting clerk about billing errors reported by customers. These may either be pricing errors or merchandise not meeting the store's quality standards. She stated that at the end of the season, customers prepared a "chargeback schedule" of billing errors and markdowns for which they were entitled to receive a credit. We reviewed chargeback schedules for Newman-Machlin and Grosvenor's relating to the spring/summer X4 season, which closed on 9/15/X4. These had been approved by Ching and were considered reasonable. We discussed with the sales manager and co-CEO their procedures for the review of chargebacks from major customers.
Pro-d	Performed other procedures	X		See W/P XX-X [not included] for additional audit procedures performed relating to chargebacks and credits to customers.

Young Fashions
Wholesale Sales
Walkthrough Worksheet #6

Prepared by: BT Date Prepared: 8/17/X4

The following documents the procedures performed, information gathered, and conclusions reached relating to walkthroughs of major transactions.

Planning

Person(s) we interviewed

Barry Gregg, Sales Manager
Jane Young Ching, co-CEO

Date of interview 8/15/X4

Description of transaction discussed *Posting sales transactions to general ledger*

Processing step(s) we discussed:

☐ Initiation of transaction

☐ Transaction recording

☒ Transaction processing steps

☐ Authorization of transaction

☒ How the incorrect processing of transactions is resolved

☒ Process for reconciling detail to the general ledger

Brief description of the company's prescribed processes and controls for the previously mentioned step(s)

<i>Process</i>	<i>Control No.</i>	<i>Control Description</i>	<i>Relevant Assertions</i>
Sales transactions are captured on a real-time basis and then transmitted to the financial reporting system for month-end processing.	6-Con-a	Accounting department reconciles accounts receivable detail to general ledger control totals.	Accuracy Occurrence Completeness
	6-Con-b	Each quarter, both the sales manager and the operations CEO receive a detailed sales package of numerous individual reports, including: sales by customer and comparison to budget (based on standing purchase orders), suspense account items, back orders, projected sales by customer for the next quarter. At the end of the season the package includes a summary of end-of-season markdowns and chargebacks. The sales manager and CEO review this package to identify anomalies that indicate possible errors or fraud. When chargebacks are entered into the system, sales commissions are adjusted to recover the commission on the sale, so sales personnel have an incentive to challenge incorrect chargebacks.	Accuracy Occurrence Completeness
	6-Con-c	Sales personnel receive monthly sales and commission reports, which they review primarily to identify missing sales, back orders, or other items for which they have not been credited.	Accuracy Occurrence Completeness

Identification and Resolution of Processing Errors

Describe how processing errors are identified and resolved.

N/A

Segregation of duties. Assess the adequacy of the segregation of duties for the prescribed processes and controls, as described. If segregation of duties is not adequate, describe compensating controls.

<i>Control No.</i>	<i>Control Description</i>	<i>Assertions</i>
	Segregation is adequate. Individuals responsible for performing the control activities are not responsible for initiating or recording the transactions.	

Safeguarding of assets. Assess the adequacy of the safeguarding of the assets related to this transaction, if applicable. If safeguarding controls are not adequate, describe compensating controls.

<i>Control No.</i>	<i>Control Description</i>	<i>Assertions</i>
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	Not applicable	
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Asset accountability. Describe the process and related controls for establishing the accountability for the assets related to this transaction, if applicable. If these controls are not adequate, describe compensating controls.

Control No.	Control Description	Assertions
	Not applicable	

Procedures Performed and Results

We performed the following procedures, as indicated, to corroborate the responses to our inquiries.

Procedure		Audit Procedure Performed?		Comments
Control No.	Description	Yes	No	
Pro-a	Reviewed original documents	X		Reviewed 2nd quarter sales packages sent to sales manager and operations CEO. Reviewed June X4 reconciliation of accounts receivable to general ledger. Reviewed July X4 sales and commission reports.
Pro-b	Made observations		X	
Pro-c	Made inquiries of others	X		On 8/24/X4 we spoke with Robert Haner, IT Director; about the source of the information used to generate the sales packages and sales and commissions information. All information for these reports is generated from the wholesale order entry, except for • budgeted sales by customer, which is prepared on a spreadsheet by sales manager and input separately into the system, and • commission rates, which can vary by sales person, product line, and customer. These rates are maintained in a separate file, which is not documented in these working papers.
Pro-d	Performed other procedures	X		Reperformed June and December reconciliation of accounts receivable

Revenue Recognition Controls Checklist

Indicate where your understanding of the following revenue recognition controls are documented.

	Reference
1. Controls over policies and procedures for:	
• Receiving and accepting orders	Walkthrough 1
• Extending credit	Walkthrough 1
• Shipping goods	Walkthrough 4
• Relieving inventory	

	<i>Inventory w/p [not included]</i>
• Billing and recording sales transactions	<i>Walkthrough 5</i>
• Receiving and recording sales returns	<i>Returns w/p [not included]</i>
• Authorizing and issuing credit memos (including markdowns)	<i>Returns w/p [not included]</i>
2. Controls and procedures for determining the proper cutoff of sales at the end of the accounting period	<i>See additional comments below.</i>
3. The computer applications and key documents used during the processing of revenue transactions	<i>Walkthrough 1, 2, 3, 4</i>
4. The methods used by management to monitor its sales contracts, including	
• the company's policy about management or other personnel who are authorized to approve nonstandard contract clauses.	<i>Walkthrough 1</i>
• whether those personnel understand the accounting implications of changes to contractual clauses.	<i>See additional comments below.</i>
• whether the entity enforces its policies regarding negotiation and approval of sales contracts and investigates exceptions.	<i>Walkthrough 1</i>

Additional Comments

The company has not implemented preventive controls that function throughout the period. Rather, Young Fashions relies on controls in place during the physical inventory count to ensure proper cut-off at year-end. Thus, the company takes its physical at year end. Cut-off is not a major risk because of the point in the cycle in this seasonal business. The review and reconciliation procedures described in walkthrough 6 also would help to identify misstatements caused by improper cut-off.

Existing policies and procedures would be effective at detecting the accounting implications of some changes to contractual clauses such as changes to prices. However, other contractual changes, such as changes in shipping terms or rights of return, may not always be communicated from legal (who approves the change) to accounting. This condition is a control deficiency, which is included in working paper X-XX for evaluation and discussion of additional procedures. See working paper X-XX for additional procedures performed to address the risks of misstatement that may result from this control deficiency.

Part II — Evaluation of Control Design

Observations and Suggestions

The matrix layout of this example documentation is consistent with the documentation requirements described in the guide.

- Reading left to right, an evaluation of control design begins with understanding the entity's control objectives. In this example, these objectives are portrayed as being "prepopulated" in the form. That is, the auditor's methodology includes these example control objectives for all audits. However, the auditor is reminded that these control objectives are examples only, and they should be expanded and tailored to meet the unique facts and circumstances of specific entities. In this example, the auditor of Young Fashions has modified several of these example control objectives, for example in the section titled "integrity and ethical values."
- The second column of the matrix describes the risks to the entity if the control objective is not met. This column will help the auditor design appropriate further audit procedures if he or she determines that certain control objectives are not met. Again, the auditor's audit methodology illustrated here includes examples, which the auditor might modify as appropriate.

- You should document the procedures performed to gather information about internal control and the source of that information. Columns 3 and 4 of the matrix provide a cross-reference to that documentation, which was the documentation of the auditor's walkthrough of internal controls.
- In the fifth column, the auditor may document his or her understanding of the control features that have been implemented at the client to address the stated control objective.
- By comparing the control features to the control objectives, the auditor would then determine whether the design of control, either individually or in combination with other controls, is capable of effectively preventing or detecting and correcting material misstatements. In the sixth column of the matrix, the auditor can document the conclusion about control design.

Control Objective	Risk of Failing to Achieve Objective	Reference		Control Activity	Effectiveness
		Walk-through	Control Number		
Order Processing					
Only process valid sales orders (existence)	Duplicate sales orders are processed.			Merchandise request is processed by IT system Quarterly reviews by sales manager and operations CEO	With effective IT general controls the IT system will not process merchandise requests more than once. Effective in design and implementation. However, identified ITGC deficiencies will limit reliance on any automated aspect...
	Unauthorized sales are processed.	2	2-Con-e	Merchandise request is submitted by customer, who must have a valid password to submit order.	Effective in design and implementation. However, identified ITGC deficiencies will limit reliance on any automated aspect...
		2	2-Con-d		
		2-Con-d	Merchandise requests are compared to standing purchase orders.		
		2-Con-e			
	Orders are accepted at unauthorized prices or terms unacceptable to management.	1	1-Con-a	Standing purchase orders approved by operations CEO	Effective in design and implementation. However, identified ITGC deficiencies will limit reliance on any automated aspect... [Note to the reader, this response is hereinafter noted as "Effective..."]
2		1-Con-b	Standard purchase order contracts used		
2-Con-d		Merchandise request are compared to standing purchase orders.			
2-Con-e					
Large, unusual or related party orders are fulfilled.	2	2-Con-d	Merchandise request are compared to standing purchase orders. Processing cannot continue without valid purchase order.	Effective...	
		2-Con-d			
		2-Con-e			
Unacceptable customers are added to the customer list.	1	1-Con-a	Operations CEO approves all standing purchase orders.	Effective...	

Control Objective	Risk of Failing to Achieve Objective	Reference		Control Activity	Effectiveness
		Walk-through	Control Number		
	Customer list is inaccurate or incomplete.	1	1-Con-c	IT input controls verify information on standing purchase orders.	Effective...
		2	2-Con-b		
		2	2-Con-d 2-Con-e	If a valid customer submitted a merchandise request for which there was no purchase order, (that is, incomplete standing purchase order file), the merchandise request would be posted to suspense account for further follow up. CEO and sales manager review suspense account items.	
	Order processing procedures are implemented that circumvent existing internal control techniques.	2	2-Con-a	Merchandise requests can only be submitted electronically, greatly reducing the likelihood that other processing procedures could be implemented manually. (walkthrough 2)	Effective in design and implementation. However, identified ITGC deficiencies will limit reliance on any automated aspect.
	Transactions authorized by inappropriate personnel.	1	Con-a	Only CEO can approve purchase orders.	Effective...
Process all valid sales orders (completeness)	Back orders are not fulfilled.	3 6	3-Con-b 6-Con-b	Backordered items are placed in a suspense file for review and follow up by sales manager. Operations CEO reviews backordered items quarterly.	Partially effective. There is no automated system for filling backorders, which are processed by sales manager on an ad hoc basis. Risk is that sales manager could fail to process back orders in a timely manner. If this were to occur, the error would not affect the balance sheet or income statement (since no sale has occurred until the order is processed and shipped). However, at the end of the season backlog is reset to zero since the company will not manufacture out of season goods. The risks associated with this design deficiency are operational, not financial. See audit plan step xx-xx. ITGC deficiencies will limit reliance on any automated aspect...
	Orders are not recorded properly.	2	2-Con-a	Orders are recorded automatically upon submission of a merchandise request by the customer.	

Control Objective	Risk of Failing to Achieve Objective	Reference		Control Activity	Effectiveness
		Walk-through	Control Number		
Distribution					
Ship the proper goods that were ordered and accurately record the shipment (accuracy)	Incorrect items are included or substituted in the order.	3	3-Con-b	Warehouse personnel use hardcopy of shipping order to pick and pack order.	Partially effective. Use of shipping orders helps ensure that correct items are included in shipment. However, this control does not address the inappropriate substitution of an order. The physical inventory count and review of credit activity in subsequent periods may catch some errors that could result from those control deficiency, but errors that were more than inconsequential could go undetected. See part III for further consideration of this matter. ITGC deficiencies will limit reliance on any automated aspect...
Record sales in the proper period (cut-off)	Deliveries are recorded prematurely or in the incorrect period.	XX	XXX	The seasonal nature of the business makes this a low risk. Year-end physical inventory instructions also help provide proper cut-off. See inventory working papers. [not included]	Controls are largely detective in nature, which reduces their effectiveness, but are adequate given the risk. See part III for further consideration of this matter. However, identified ITGC deficiencies will limit reliance on any automated aspect...
		6	6-Con-b		
		6	6-Con-a	CEO, sales manager and salesperson review sales activity during period. (walkthrough 6) Accounts receivable trial balance is reconciled to general ledger account total. (walkthrough 6)	
Input all shipments for further processing (accuracy, completeness)	Shipping orders are incomplete or missing.	3	3-Con-a	Shipping orders are numbered sequentially and accounted for. (walkthrough 3)	Effective...
		3	3-Con-b	Unfulfilled shipping orders are posted to a suspense account for further follow up by warehouse manager. (walkthrough 3)	
Properly post transactions to the accounting records (accuracy)	Human error in coding or entry.	6	6-Con-a	All postings are done automatically.	Effective, with the proper functioning of IT general controls. However, identified ITGC deficiencies will limit reliance on any automated aspect...
	Inappropriate access to delivery systems.	4	4-Con-c	Warehouse personnel may access delivery system due to lack of physical access.	See part III.

<i>Control Objective</i>	<i>Risk of Failing to Achieve Objective</i>	<i>Reference</i>		<i>Control Activity</i>	<i>Effectiveness</i>
		<i>Walk-through</i>	<i>Control Number</i>		
	Inadequate segregation of duties.	4	4-Con-c	Not adequate, as warehouse personnel can make changes to items shipped and then access the system.	This is considered a control deficiency. Further comments below. See part III for additional audit procedures performed to address the risk.
Invoicing					
Sales are recorded in the appropriate period. (cut-off)	Revenue is recognized prematurely or inappropriately deferred until a later accounting period.	5	5-Con-a	Invoices are prepared automatically when goods are shipped.	Effective in design and implementation. However, identified ITGC deficiencies will limit reliance on any automated aspect.... However, see comments relating lack of communication between legal and accounting relating to changes in standard contract terms, which may affect timing of revenue recognition.
The price of goods and quantity shipped are invoiced accurately. (accuracy)	Formulae used for calculating invoice amounts and accounts receivables entries are inaccurate.	5	5-Con-a	IT application has been coded with the proper formulas.	Effectiveness depends on IT general controls. However, identified ITGC deficiencies will limit reliance on any automated aspect...
	Selling price is inaccurate.	5	5-Con-a	Invoice is prepared from standing purchase orders.	Partially effective. Changes to standing purchase orders made from the time the client submits a merchandise request until the order is shipped may not be reflected in the invoice. See comments in returns and credits working papers XX-X. However, identified ITGC deficiencies will also limit reliance on any automated aspect...
	Inaccurate price lists are used.	5	5-Con-a	Same as previously mentioned	
	Customer complaints regarding inaccurate bills are not investigated or monitored.	5	5-Con-a 5-Con-b	Customers report billing errors as part of end-of-season chargebacks.	Effective...
	Invoices are not sent out properly.	5	5-Con-a	Invoices are prepared and sent automatically. (walkthrough 5)	Effective...
Generate a sales invoice for every shipment (completeness of sales)					
Information Technology					

Control Objective	Risk of Failing to Achieve Objective	Reference		Control Activity	Effectiveness
		Walk-through	Control Number		
Generate a sales invoice for every shipment (completeness of sales)	Order data is not transferred completely from the order entry subsystem to the invoicing subsystem.	5	5-Con-a	Order entry and invoicing are integrated.	Effective...
Prepare invoice using authorized terms and prices (accuracy)	Data input into the invoicing system inaccurate compared to the order entry system.	1	1-Con-c	Order entry and invoicing are integrated. IT input edit checks verify key information.	Effective...
	Human error causes changes to standing data (master files) to be incompletely and inaccurately inputted.	1	1-Con-c	Order entry and invoicing are integrated. IT input edit checks verify key information.	Effective...
	Periodic updates for batch processing are improperly executed.	N/A	N/A	Online – real-time order management system (maintained on server) and batch updates to financial management system (on AS400) are integrated.	n/a
	Inappropriate access to customer and price information and lack of segregation leads to inappropriate employee behavior.	N/A	N/A	See comments relating to access and security in IT general controls review.	Effective...
	The process for approving changes standing customer information, account codes, and credit limits is insufficient.	1	1-Con-a	CEO is only person with access to standing purchase orders.	Effective...
All changes to standing data are completely and accurately input. (security, access, accuracy)	The process for approving changes price lists approved is insufficient and leads to a price list that is not aligned with management's strategy or the entity's cost basis.	1	1-Con-a	CEO is only person with access to standing purchase orders. (walkthrough 1)	Effective...

Part III — Summary of Control Deficiencies and Risk of Material Misstatement

Effectiveness of the design of implemented controls. Based on our understanding of the control policies and procedures that have been implemented, we have determined that these policies and procedures are capable of achieving the stated control objectives, *except for the following matters, which we consider to be deficiencies in the design of controls.*

Ref.	Control Deficiency		Affects Risk of Misstatement?	Fin Stmt Risk?	Assertion-Level Risks		Ref.
	No.	Description			Acct. Trans or Disclosure	Assertion(s)	
Walk-through #1 Pro-c	1	Communication of changes to standard contracts between legal and accounting is not reliable, which creates the risk that sales could be recorded at wrong amounts or in the incorrect period.	Yes	No	Revenue Receivables	Occurrence Existence/Valuation	w/p XX-x
Walk-through #4 4-Con-c	2	Warehouse personnel have the ability to make shipments that vary from customer order and then access the system to record the changes.	Yes	No	Revenue Receivables Inventory	Occurrence Existence Accuracy	w/p XX-x
Walk-through #6 Pro-c	3	Use of spreadsheets to determine budgeted sales may contain inaccuracies that may reduce the effectiveness of management's monitoring.	Yes	Yes	N/A	N/A	N/A
Walk-through #6 Pro-c	4	Spreadsheets are used to calculate sales commissions. Because of general lack of controls over spreadsheets, the calculation of commissions may be incorrect.	Yes	No	Compensation	Accuracy	w/p XX-x

Response to Ineffective Design or Implementation

See W/P XX-x, [Appendix K-5] "Assessing Risks of Material Misstatement and Linkage to Further Audit Procedures," for documentation regarding the consideration of the risk of material misstatement at the financial statement level and the corresponding overall audit response.

All control deficiencies have been carried forward to the W/P XX-x, [not included] "Summary of Control Deficiencies," for further evaluation of the severity of the noted deficiency, both individually and in the aggregate.

Observations and Suggestions

- This evaluation matrix supports the auditor's evaluation about the effectiveness of the design of the controls over this transaction. The matrix starts with financial statement assertions and describes the risks of "what could go wrong" relating to those assertions. The controls that were identified in part I of the form are then described and the auditor makes an assessment of the design of the controls.

Absent this exercise of evaluating controls on a risk-by-risk basis for each assertion, it would be difficult to support a conclusion about the design of the controls.

- Overall, the system seems to be designed effectively for the last three months, but not for the prior nine months (due to weaknesses in security and access controls). Note that many of the controls are IT controls. Many of these are preventive in nature, which tend to be more effective than detective controls. Additionally, the significant use of IT controls helps to establish adequate segregation of duties.
- Ultimately, the effectiveness of IT application controls depends on the effectiveness of related IT general controls. Thus, if the auditor were to design further audit procedures for these transactions based on reliance on controls, those IT general controls also would need to be tested.