



# THE ROBERTS COMPANY, LLC

Information Technology and Risk Services

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## Major Transportation of Goods Organization

# CASE STUDY

## Assessment of the revenue, expenses and A/P fluctuations plus Application Control Review

### □ The Challenge

The Company is a service provider in the transportation business. The Company's management sought to establish confidence that revenues, related expenses and adjustments are accurately recorded in the period earned. Also, it was required to conduct, review and test the internal controls of the IT general controls, application controls, accounts payable, expenses, and revenues.

The Company has a legacy business enterprise resource planning (ERP) application that was heavily customized by the internal information technology staff.

### □ The Approach

The adopted approach was the review of the expense and revenue fluctuation that lent itself to an in-depth analysis of application controls and the process workflow of the Internal Controls for two lines of provided services.

Reviewed the internal controls of revenues and expenses through the following:

- A. Determined whether transactions were being properly executed and recorded in accordance with management's intentions.
- B. Documented the transaction flows and internal controls in place for specific areas, which will be selected by management.

- D. Identified areas in internal controls of potential risks and errors.
- E. Identified the strengths and weaknesses of the company ERP systems.
- F. Documented the control activities

### □ The Outcome

Reviewed and completed the review of the internal controls of the revenues, accounts payable, and expenses processes. The following were completed and delivered:

- 1. Documentation of process narratives
- 2. Documentation of Internal Control objectives
- 3. Verification of presence of Internal Control objectives
- 4. Assessment of Strengths and weaknesses of the ERP Application Controls: Operations and Accountings
- 5. Mapping the control activities
- 6. Identification of any noted exceptions including:
  - 6.1. Calculation and recording of expenses
  - 6.2. Testing of applied charges
  - 6.3. Validating pricing structures
  - 6.4. Review of proper vendor set-up
  - 6.5. Validation of unusual manual entries or adjustments made to the expense accounts.

- ✓ Must you comply with and maintain Sarbanes-Oxley Act Section 404?
- ✓ Are you concerned about the Internal Controls within your company?
- ✓ Does your IT function support your company business processes & objectives?
- ✓ Does your company need Fraud Protection Programs?

### Our Services Include:

- Sarbanes-Oxley Act- Section 404 Compliance
- Corporate Governance and Entity Level Controls
- Corporate Governance Compliance
- IT General Controls
- Fraud Deterrence and Prevention Services
- Information Technology: Policy Development & Compliance
- Operations Processes: Policy Development & Compliance
- Accounting Processes: Policy Development & Compliance
- Corporate Governance: Policy Development & Compliance
- Application Due Diligence and Testing
- Gramm-Leach-Bliley Act
- SAS 70 & SAS 94
- ISO 17799/27000 Compliance Services
- IT Planning and Assessment